



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

FILED
FEB 06 2009
PURSUANT TO ROH Sec. 1-2.4

ORDINANCE _____
BILL 017 (2007)

A BILL FOR AN ORDINANCE

RELATING TO THE ASSESSMENT OF PROPERTY FOR REAL PROPERTY TAX PURPOSES.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. The purpose of this ordinance is to modify the assessment of property for real property tax purposes to bring tax relief to homeowners.

The demand for housing combined with a shortage of housing in Honolulu have resulted in significant increases in the value of property in Honolulu, which in turn has resulted in higher property taxes for Honolulu's residents. The majority of property owners have seen their assessments rise well over 100% over the last several years, burdening them with additional property tax payments. Those most affected are senior citizens and those who live off a fixed income that has not kept pace with the rise in real estate values. This has put a significant strain on their ability to meet their day to day expenses. Not to be forgotten are those middle income property taxpayers who must also bear the burden of escalating property taxes while trying to raise a family. These middle income families have too often been overlooked, but it must be realized that raising a family also has significant expenses. These expenses include medical care, education, clothing, transportation, insurance and food, all of which have also seen cost increases.

Part of the problem of rising property values has been the increase in sales of properties to non-resident investors and owners. Their demand for properties has contributed to the housing shortage and the rise in real estate values over the last few years. This has resulted in a detrimental impact to our long term residents who call Honolulu their home by artificially raising their property assessments, resulting in ever increasing property taxes.

It is time to create a property tax assessment process that brings some stability and reasonableness to our Honolulu property owners whose only desire is to be able to own a home, raise a family, retire comfortably and not have to worry about a property tax system that relies too heavily on current market values as a method of assessing values and does not take into consideration the length of time a person lives in their home.

SECTION 2. Chapter 8, Article 7, Revised Ordinances of Honolulu 1990, as amended ("Valuation"), is amended by adding a new section to be designated by the revisor of ordinances and to read as follows:

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"Sec. 8-7. Assessment Cap.

- (a) Property granted the home exemption under Section 8-10.4 shall be taxed on its assessed value, except that any increase in the previous year's assessment be limited for qualifying properties as follows:
- (1) For property owned by the same titleholders for up to five years, the assessment shall increase no more than ten percent;
 - (2) For property owned by the same titleholders for more than five years and up to 10 years, the assessment shall increase no more than five percent;
 - (3) For property owned by the same titleholders for more than 10 years and up to 15 years, the assessment shall increase no more than four percent;
 - (4) For property owned by the same titleholders for more than 15 years and up to 20 years, the assessment shall increase no more than three percent;
 - (5) For property owned by the same titleholders for more than 20 years and up to 25 years, the assessment shall increase no more than two percent;
 - (6) For property owned by the same titleholders for more than 25 years and up to 30 years, the assessment shall increase no more than one percent;
and
 - (7) For property owned by the same titleholders for more than 30 years, the assessment shall not increase.
- (b) The following shall not qualify for the assessment cap provided for in subsection (a):
- (1) Any increase in the fair market value of the property resulting from an action of the owner; and
 - (2) Real property that is sold or transferred."

SECTION 3. Section 8-7.1, Revised Ordinances of Honolulu 1990, as amended ("Valuation—Considerations in fixing"), is amended by amending subsection (a) to read as follows:



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- "(a) Except as provided for in Section 8-7. [The] the director of budget and fiscal services shall cause the fair market value of all taxable real property to be determined and annually assessed by the market data and cost approaches to value using appropriate systematic methods suitable for mass valuation of real property for taxation purposes, so selected and applied to obtain, as far as possible, uniform and equalized assessments throughout the county."

SECTION 4. Any other provision of law to the contrary notwithstanding, for the tax year beginning July 1, 2008 only, for the purposes of establishing the assessment cap, the amount of the "previous year's assessment" for any real property granted the home exemption under Section 8-10.4 shall be the property's assessment for the tax year beginning July 1, 2005.

SECTION 5. Ordinance material to be repealed is bracketed; new material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, bracketed material, or the underscoring.



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SECTION 6. This ordinance shall take effect upon its approval and shall apply to tax years beginning July 1, 2008 and thereafter.

INTRODUCED BY:

[Handwritten signatures of Councilmembers]

DATE OF INTRODUCTION:

FEB - 6 2007

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 2007.

MUFI HANNEMANN, Mayor
City and County of Honolulu

(OCS/012407/ct)

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